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Brazil

Sugar

Semi Annual

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Report Highlights:
Brazilian sugarcane production for MY 04/05 has been revised upward to 385 mmt, up 7 percent from MY 2003/04, due to area expansion and good weather conditions. Sugar production is projected at 28.37 mmt, raw value, up 3 percent relative to our last estimate due to higher sugarcane availability and crushing oriented towards sugar production. MY 2004/05 sugar exports are projected up at 18.1 mmt, raw value. In September 2004, the WTO issued its ruling that the European Union had exceeded limits on the export of subsidized sugar in a dispute panel requested by Brazil, Thailand and Australia against the EU sugar regime.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Sao Paulo [BR3]
[BR]

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PSD Table

Country Brazil

Commodity Sugar Cane for Centrifugal (1000 HA)(1000 MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [New]	
Market Year Begin		05/2002		05/2003		05/2004	MM/YYYY
Area Planted	5070	5070	5600	5600	0	6050	(1000 HA)
Area Harvested	4810	4810	5050	5050	0	5350	(1000 HA)
Production	321000	320000	333000	358900	0	385000	(1000 MT)
TOTAL SUPPLY	321000	320000	333000	358900	0	385000	(1000 MT)
Utilization for Sugar	162590	162820	155840	176940	0	194000	(1000 MT)
Utilizatn for Alcohol	158410	157180	177160	181960	0	191000	(1000 MT)
TOTAL UTILIZATION	321000	320000	333000	358900	0	385000	(1000 MT)

PSD Table

Country Brazil

Commodity Sugar, Centrifugal (1000 MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [New]	
Market Year Begin		05/2002		05/2003		05/2004	MM/YYYY
Beginning Stocks	210	210	270	270	1210	1290	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	23810	23810	25530	26400	27550	28370	(1000 MT)
TOTAL Sugar Production	23810	23810	25530	26400	27550	28370	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	24020	24020	25800	26670	28760	29660	(1000 MT)
Raw Exports	9990	9990	10320	10820	11870	12630	(1000 MT)
Refined Exp.(Raw Val)	4010	4010	4220	4420	4830	5470	(1000 MT)
TOTAL EXPORTS	14000	14000	14540	15240	16700	18100	(1000 MT)
Human Dom. Consumptio	9750	9750	10050	10140	10250	10300	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	9750	9750	10050	10140	10250	10300	(1000 MT)
Ending Stocks	270	270	1210	1290	1810	1260	(1000 MT)
TOTAL DISTRIBUTION	24020	24020	25800	26670	28760	29660	(1000 MT)

Production

Sugarcane

The Agricultural Trade Office (ATO)/Sao Paulo has revised upward total Brazilian sugarcane production for MY 2004/05 (May-Apr) at 385 million metric tons (mmt), a 3 percent increase compared to the previous estimate. The center-south (CS) region is expected to contribute 325 mmt of sugarcane, up 9 percent from MY 2003/04, due to expanded area planted to sugar cane and favorable weather conditions, which enabled good development of the stocks. The CS harvest season is moving along well, and mills should catch up to compensate for the initial delay in crushing due to excessive rainfall that occurred in the May-June period. The harvest should be over in mid-December and currently no sugarcane stocks are expected to remain standing, except for the state of Parana where some area may remain uncut.

In addition, the industrial capacity in the CS does not represent an obstacle for the expected sugarcane volume to be crushed, since many sugar-alcohol mills expanded capacity and new units started operating within the past year. No industry forecast regarding the 2005/06 crop in the CS states has been released, but preliminary indications are for increased cane production relative to the current crop, due to continuous area expansion. The harvest should start in March 2005, and sugarcane will likely be diverted to alcohol initially to guarantee the supply of this derivative.

The north-northeastern (NNE) states began the crushing season in August, but the major producing states (Alagoas and Pernambuco) have only started operations. Sugarcane production for MY 2004/05 is forecast at 60 mmt, similar to the revised figure for MY 2003/04 (59.5 mmt). Note that post increased the MY 2003/04 crop figure for the NNE due to favorable weather conditions (rainfall) in January 2004 and good crop management with the use of adequate varieties and irrigation in much of the growing areas. In addition, some traditional growing regions not best suited for sugarcane growing, especially in Pernambuco, were replaced by more adequate areas, increasing the agricultural yield for the region.

The following tables show monthly sugarcane crush data for the state of Sao Paulo and the CS region for the 2000/01 to 2004/05 crops (Apr-Mar), as reported by the Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). Cumulative sugarcane crushed in the CS states for current crop up to September 15 (210.8 mmt) is 3 percent below the same period last season.

Sugarcane crushed in the state of Sao Paulo (1,000 metric tons).

Month	00/01	01/02	02/03	03/04	04/05
April	202.0	449.3	5,002.0	8,802.9	4,649.8
May	13,283.6	12,396.2	25,039.6	27,359.7	20,625.7
June	28,078.0	27,777.8	31,825.9	32,571.8	31,086.9
July	27,916.2	30,602.1	32,242.6	34,499.9	34,458.5
August	28,144.7	29,105.9	31,146.4	33,539.6	37,673.7
September	21,334.2	28,117.1	27,761.5	31,901.2	--
October	21,513.7	24,232.0	26,931.3	27,211.2	--
November	7,151.1	20,286.2	10,417.9	11,149.1	--
December	620.4	3,421.6	2,061.9	536.6	--
January	0.0	186.0	57.6	238.9	--
Cumulative	148,243.8	176,574.2	192,486.6	207,811.0	128,494.5

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).

Month	00/01	01/02	02/03	03/04	04/05
April	737.4	2,158.5	8,430.9	13,666.4	8,631.3
May	18,228.4	19,319.1	34,281.5	38,412.7	30,315.6
June	38,218.9	38,674.0	44,240.3	45,989.3	44,291.0
July	39,465.3	43,413.3	45,281.5	48,948.1	48,554.1
August	38,174.8	40,808.1	44,244.4	47,704.9	53,791.1
September	31,397.8	38,041.6	39,441.5	44,792.6	--
October	28,674.8	32,263.0	36,304.6	38,349.3	--
November	10,503.7	24,835.6	14,550.1	18,789.4	--
December	1,667.7	4,315.8	3,393.5	1,881.1	--
January	0.0	390.5	238.5	863.6	--
Cumulative	207,068.8	244,219.5	270,406.7	299,397.3	185,583.0

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Area

Post estimates for MY 2003/04 and MY 2004/05 sugarcane area remain unchanged. No official estimate has already been made, but area expansion is expected for the 2005/06 crop, since sugar and alcohol prices remain very attractive vis-à-vis other commodities, thus encouraging expansion. The table below shows area for sugarcane production, according to the Brazilian Institute of Geography and Statistics (IBGE), UNICA and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture.

Sugarcane Area (1,000 ha).

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Brazil	4,359.2	4,368.3	4,830.5	4,881.6	5,050.0	4,975.2	4,879.8	5,022.2	5,206.7	5,506.9	5,790.3
Sao Paulo	2,173.2	2,258.9	2,493.2	2,446.3	2,565.0	2,500.0	2,822.1	3,008.7	3,117.6	3,312.8	3,389.2

Sources: IBGE, IEA

Yields

The average yield for sugarcane production for MY 2004/05 is estimated at 72 metric tons (mt)/hectare (ha), up 1 percent compared to last season (71.35 mt/ha), due to good weather conditions and improved crop management, especially in NNE growing regions. Industrial yield is projected at 143.5 kg of TRS/MT of sugarcane, down 2 percent from the last crop's record industrial yield (146.4 kg of TRS/mt).

Sugar and Alcohol

Total Reducing Sugar (TRS) production is estimated at 55.25 mmt up 5 percent from MY 2003/04, as a consequence of increased sugarcane output. The MY 2004/05 TRS breakdown for sugar and alcohol production is projected at 50.4/49.6 percent, compared to 49.3/50.7 percent for the previous crop, showing the orientation towards sugar production, rather than alcohol, as a result of favorable international market prices. According to post contacts, the recent developments in plant efficiency and expansion place a premium on sugar production. However, the projected TRS breakdown for sugar/alcohol should not be a problem for the sector with regard to the alcohol supply for both domestic and international markets.

As a consequence, ATO/Sao Paulo projects total Brazilian sugar production at 28.37 mmt raw value, up 1.97 mmt relative to the revised estimate for MY 2003/04 (26.4 mmt). The CS states should account for 23.65 mmt raw value, with the remaining 4.72 mmt originating in the NNE. According to the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA), total alcohol production for the 2003/04 crop is reported at 14.64 billion liters – 8.77 billion liters of anhydrous alcohol and 5.87 billion liters of hydrated alcohol. Total alcohol production for MY 2004/05 is projected at 15.24 billion liters – 9 billion liters of anhydrous alcohol and 6.24 liters of hydrated alcohol, assuming the Government of Brazil's mandated 26/74 percent alcohol/gasoline blend does not change. The expected increase in hydrated alcohol production is related to higher demand for the product, due to higher exports and the sharp increase in the sales of flex-fuel vehicles, which can be powered by both gasoline and hydrated alcohol or any proportion of the two.

The table below shows alcohol powered vehicle sales for the past years, as reported by the National Association of Vehicle Manufacturers (ANFAVEA). Note the sharp increase in sales in 2004 as a consequence of the introduction of flex-fuel vehicles in the market. Note that flex-fuel vehicle sales are greater than the number of traditional alcohol-powered vehicles being retired from the traditional fleet, pushing hydrated alcohol demand up.

Domestic Sales of Alcohol Powered Vehicles (units)

1999	2000	2001	2002	2003	2004									
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Cumulative
10,947	10,292	18,335	55,961	84,558	16,082	18,431	20,844	27,170	26,763	31,183	34,619	37,011	41,714	253,817

Source: ANFAVEA

The following tables show monthly sugar production for the state of Sao Paulo and the CS region for the 2000/01 to 2004/05 crops (Apr-Mar), as reported by UNICA. Cumulative sugar production in the CS states for the current crop up to September 15 (14.4 mmt) is similar to the same period last season (14.5 mmt).

Sugar production in the state of Sao Paulo (Metric tons, tel quel, Apr/Mar).

Month	00/01	01/02	02/03	03/04	04/05
April	5,413	21,120	299,239	277,632	237,758
May	791,387	696,427	1,553,742	1,664,394	1,283,462
June	1,740,032	1,802,011	2,260,884	2,220,633	2,103,026
July	1,876,786	2,245,231	2,463,143	2,592,285	2,567,669
August	1,863,854	2,231,847	2,480,964	2,716,037	2,998,874
September	1,408,147	2,087,352	2,180,166	2,642,245	--
October	1,491,660	1,706,829	2,208,774	2,188,716	--
November	464,352	1,316,443	764,557	841,021	--
December	33,329	213,281	133,300	23,470	--
January	0	7,917	3,139	23,970	--
Cumulative	9,674,960	12,328,458	14,347,908	15,190,403	9,190,789

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugar production in Center-Southern Brazil (Metric tons, tel quel, Apr/Mar).

Month	00/01	01/02	02/03	03/04	04/05
April	25,258	58,258	459,639	474,840	416,907
May	1,017,346	1,032,988	1,986,943	2,211,924	1,765,227
June	2,229,577	2,342,597	2,955,211	2,961,462	2,826,190
July	2,521,123	2,946,675	3,237,531	3,460,215	3,385,394
August	2,487,751	2,938,992	3,271,417	3,620,702	4,027,313
September	1,830,899	2,676,100	2,903,730	3,471,299	--
October	1,856,717	2,155,273	2,805,862	2,866,947	--
November	602,246	1,551,962	974,101	1,271,687	--
December	61,513	239,187	175,043	75,640	--
January	0	7,918	8,578	25,129	--
Cumulative	12,632,430	15,949,950	18,778,055	20,439,846	12,421,031

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

The tables below show official sugarcane crush data, sugar and alcohol (anhydrous and hydrated) production by state for the 2003/04 and 2004/05 crop years, as reported by MAPA. Note that the official CS and NNE crop years are April-March and September-August, respectively. The figures show cumulative figures through August 1.

Cane, Sugar and Alcohol Production by State and Region: 2003/04 Crop
(MT and 000 Liters)

			Alcohol		
State/Region	Cane	Sugar	Anhydous	Hydrous	Total
Alagoas	28,757,766	2,441,268	265,579	437,385	702,964
Amazonas	250,881	17,455	0	4,375	4,375
Bahia	2,136,747	172,105	30,665	18,985	49,650
Ceara	63,907	5,887	0	317	317
Maranhao	1,303,509	11,118	84,256	5,609	89,865
Para	419,514	0	30,696	4,316	35,012
Paraiba	5,017,263	168,151	126,448	151,315	277,763
Pernambuco	17,127,958	1,403,186	213,425	168,235	381,660
Piaui	322,802	0	18,026	4,347	22,373
Rio Grande do Norte	2,614,068	173,616	45,880	48,990	94,870
Sergipe	1,565,176	68,882	31,611	32,956	64,567
Tocantins	0	0	0	0	0
NNE	59,579,591	4,461,668	846,586	876,830	1,723,416
Espirito Santo	2,513,438	54,405	101,593	49,151	150,744
Goias	13,041,053	668,185	372,658	273,702	646,360
Minas Gerais	18,786,524	1,346,847	387,378	399,898	787,276
Mato Grosso do Sul	8,805,710	402,878	218,297	254,496	472,793
Mato Grosso	14,352,164	580,328	479,088	313,081	792,169
Parana	28,594,395	1,858,056	492,490	712,721	1,205,211
Rio de Janeiro	4,420,082	325,572	38,273	66,713	104,986
Rio Grande do Sul	93,836	0	0	6,045	6,045
Santa Catarina	0	0	0	0	0
Sao Paulo	206,513,656	15,215,525	5,831,535	2,919,388	8,750,923
Center South	297,120,858	20,451,796	7,921,312	4,995,195	12,916,507
TOTAL	356,700,449	24,913,464	8,767,898	5,872,025	14,639,923

Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 08/01/04

Cane, Sugar and Alcohol Production by State and Region: 2004/05 Crop
(MT and 000 Liters)

			Alcohol		
State/Region	Cane	Sugar	Anhydous	Hydrous	Total
Alagoas	0	0	0	0	0
Amazonas	24,732	1,383	0	66	66
Bahia	878,074	62,610	17,633	7,923	25,556
Ceara	18,362	1,260	0	0	0
Maranhao	532,618	4,809	34,216	2,338	36,554
Para	151,682	0	8,553	3,302	11,855
Paraiba	39,496	0	1,084	1,900	2,984
Pernambuco	0	0	0	0	0
Piaui	123,223	1,147	4,466	1,991	6,457
Rio Grande do Norte	0	0	0	0	0
Sergipe	0	0	0	0	0
Tocantins	0	0	0	0	0
NNE	1,768,187	71,209	65,952	17,520	83,472
Espirito Santo	1,288,964	23,411	54,515	14,687	69,202
Goias	5,237,069	248,768	139,422	106,731	246,153
Minas Gerais	8,043,519	621,420	100,923	139,034	239,957
Mato Grosso do Sul	3,162,332	148,522	64,457	78,236	142,693
Mato Grosso	7,205,267	293,773	182,807	185,767	368,574
Parana	9,977,807	585,843	108,870	261,839	370,709
Rio de Janeiro	1,693,261	107,982	18,388	25,607	43,995
Rio Grande do Sul	19,702	0	0	1,049	1,049
Santa Catarina	0	0	0	0	0
Sao Paulo	85,623,027	5,836,141	1,544,234	1,445,776	2,990,010
Center South	122,250,948	7,865,860	2,213,616	2,258,726	4,472,342
TOTAL	124,019,135	7,937,069	2,279,568	2,276,246	4,555,814

Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 08/01/04

Sugarcane, Sugar and Alcohol Prices in the Domestic Market

According to the State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA), the average sugarcane price for June-August 2004 was R$0.2131 per kg of TRS, or approximately R$29,42 per ton of sugarcane. Note that the average price for the 2003/04 crop was reported at R$0.2178 per kg of TRS, or approximately R$32,54 per ton of sugarcane.

The sugar/alcohol sector is highly capitalized since producers have benefited from attractive prices for the past four years. The sector has continuously invested in area expansion, processing plants and technology. The Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follows. The Index tracks crystal sugar prices in the domestic spot market. Several factors have contributed to the persistent strong and stable sugar and alcohol prices for MY 2004/05 in spite of the expected higher volume of the crop even during the peak of the harvest season. The continuous rainfall at the beginning of the harvest season (May-June) was a factor of uncertainty for the market, which questioned if the CS would be able to crush all the volume of sugarcane potentially available. In addition, the projected decrease in India's production and the expected need to further import sugar supported steady international market prices, which has been reflected in the Brazilian market.

The demand for alcohol in the domestic market has increased as a result of increased sales of flex-fuel vehicles. These vehicles can be powered by both gasoline and hydrated alcohol or any proportion of those, and alcohol prices are much more attractive vis-à-vis gasoline prices. According to industry sources, the ratio between alcohol and gasoline prices was approximately 50 percent for the past couple of months and car owners tend to use alcohol instead of gasoline if the ratio is up to 70 percent. Moreover, Brazilian alcohol exports have exceeded initial expectations and the higher demand for the product has pushed prices up. Price equivalences for mid-May among different sugarcane products are also shown below.

Crystal Sugar Prices in the Domestic Market (Real, 50kg/bag, including tax).

Period	2000	2001	2002	2003	2004
January	19.04	25.01	25.64	41.92	19.66
February	19.81	23.28	22.88	45.17	18.18
March	18.61	23.36	21.28	43.89	21.62
April	18.63	24.81	20.8	39.24	28.00
May	16.09	24.06	20.69	30.87	22.42
June	18.86	23.44	18.76	25.09	26.57
July	21.43	23.66	19.2	23.93	27.85
August	25.42	22.81	22.95	29.41	30.00
September	23.6	23.56	24.46	24.31	29.04
October	24.16	23.93	34.53	21.14	--
November	24.64	23.78	40.06	20.38	--
December	23.8	24.43	39.82	21.42	--

Source: USP/ESALQ/CEPEA

Note: September 2004 refers to September 1-24

Fuel Alcohol Prices: State of São Paulo (R$/000 liters).

	Anhydrous				Hydrated			
Month	2001	2002	2003	2004	2001	2002	2003	2004
January	706.17	621.90	922.03	633.43	775.65	729.98	803.02	561.13
February	685.22	614.32	1,024.82	451.61	724.80	721.13	876.62	372.62
March	634.43	608.22	1,005.16	390.48	702.94	704.06	857.81	341.15
April	605.27	608.94	996.71	462.93	718.45	710.84	840.26	415.90
May	575.60	570.78	883.79	541.86	688.92	491.07	745.22	472.73
June	571.12	483.72	644.80	628.86	676.63	406.99	576.24	536.48
July	594.72	469.25	586.23	678.64	679.02	387.05	476.43	580.63
August	623.85	493.71	709.35	756.54	691.50	421.57	599.60	653.07
September	625.90	569.86	669.34	774.52	702.60	484.96	576.70	654.32
October	634.88	650.19	593.17	--	716.01	580.09	505.29	--
November	629.39	763.92	650.31	--	718.82	683.66	527.76	--
December	628.38	780.95	708.84	--	722.49	689.05	608.18	--

Source: USP/ESALQ/CEPEA

Price Equivalence - prices paid for producers, Ribeirao Preto region, state of Sao Paulo

Anhydrous alcohol (R$/m3 (including PIS, COFINS, not including ICMS)										
560.46	594.08	627.71	661.34	694.97	728.59	762.22	795.85	829.48	863.10	896.73
Hydrated Alcohol - R$/m3 (including PIS, COFINS and ICMS)										
700.77	742.82	784.86	826.91	868.96	911.00	953.05	995.09	1,037.14	1,079.19	1,121.23
Crystal Sugar for the domestic market - R$/50 kg bag (including, PIS, COFINS and 7% ICMS)										
20.25	21.39	22.53	23.67	24.82	25.96	27.10	28.24	29.39	30.53	31.67
VHP Sugar for export market - US$ cents/lb - FOB price, Port of Santos										
5.81	6.09	6.37	6.66	6.94	7.22	7.50	7.78	8.07	8.35	8.63

Source: Datagro

Note: Price equivalence should be read for each column, parameters updated in May 10, 2004. Exchange rate = R$2.90/1US$

Consumption

Post estimates domestic sugar consumption for MY 2004/05 at 10.3 mmt raw value, up 2 percent from MY 2003/04, mainly reflecting population growth

Trade

Sugar Exports

The total sugar export estimate for MY 2003/04 has been revised upward to 15.24 mmt raw value, a 5 percent increase compared to the previous estimate to reflect an adjustment in the CS estimate and higher exports for the NNE, which exported 2.87 mmt, raw value. The ATO/Sao Paulo MY 2004/05 sugar export projection has been revised upward to 18.1 mmt, up 8 percent compared to the previous forecast, and up 2.86 mmt relative to MY 2003/04. The large size of the Brazilian crop and favorable sugar prices in the international market support the higher forecast. According to post contacts, a significant percentage of export contracts have already been set.

In spite of the appreciation of the Brazilian currency since early 2003, the Real, vis-à-vis the dollar (see Exchange Rate), the Brazilian product remains quite competitive in the international markets since Brazil is the low cost sugar producer. Raw sugar exports continue to comprise the larger part of exports with approximately 70 percent of total exports. Note however, an increase of white sugar exports during the first months of MY 2004/05 due to the good premium paid for the product as a result of a smaller than expected crop in the European Union.

It is expected that one-third of the total reducing sugar (TRS) will be diverted to sugar for export for MY 2004/05. Therefore, Brazil has become more and more price dependent on the international markets. In the past, domestic sugar consumption was the more important price driver, but exports now have a proportionally greater influence on pricing.

The following tables show Brazilian sugar exports by destination for MY 2003/04 and MY 2004/05, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brasilian Sugar Exports by Country of Destination
(NCM 1701.11.00, MT, tel quel, US$000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Russia	4,534,494	688,612	1,976,975	316,495	932,047	138,083
Canada	802,784	120,982	223,913	35,700	190,254	27,743
Algeria	495,792	76,106	172,514	28,461	269,524	40,544
Romania	412,591	64,264	250,250	40,776	109,392	16,763
U.S.A.	146,792	60,208	73,795	30,878	79,813	31,941
Morocco	396,161	59,118	81,800	13,589	191,954	28,468
Nigeria	328,550	48,252	31,770	5,200	245,746	35,827
Egypt	318,983	48,153	80,224	12,973	457,414	68,550
Saudi Arabia	276,063	40,963	74,290	11,625	242,180	35,418
Bulgaria	165,812	25,019	52,408	8,108	0	0
Others	1,044,845	161,266	163,135	26,199	746,515	115,954
Total	8,922,867	1,392,941	3,181,075	530,003	3,464,839	539,291

Source : Brazilian Foreign Trade Secretariat (SECEX)
Note : Numbers may not add due to rounding. 1/May-August

Brazilian Sugar Exports by Country of Destination
(NCM 1701.99.00, Metric ton, tel, quel, US$000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
U.A.E.	506,721	87,881	233,900	40,808	303,818	56,375
Nigeria	1,139,306	173,592	337,599	54,317	223,659	35,079
Egypt	166,678	26,714	0	0	176,968	32,713
Ghana	286,054	53,352	15,900	2,961	149,572	28,894
Yemen	388,324	67,660	91,951	16,702	143,811	25,899
Syria	203,815	35,591	78,600	14,345	136,067	25,172
Angola	114,000	20,489	92,000	16,634	118,010	22,067
Georgia	62,800	9,204	0	0	116,775	18,201
Morocco	149,000	27,272	0	0	101,850	19,653
Iraq	149,950	24,516	6,000	1,038	78,371	14,284
Others	2,474,736	422,942	882,126	159,018	599,985	115,081
Total	5,641,383	949,214	1,738,076	305,823	2,148,886	393,418

Source : Brazilian Secretariat of Foreign Trade (SECEX)
Note : Numbers may not add to rounding . 1/May-August

Alcohol Exports

Cumulative alcohol exports for MY 2003/04 are estimated at 1.05 billion liters, as reported by SECEX. According to post contacts, Brazil should export 2 billion liters of alcohol during MY 2004/05. The U.S. purchased Brazilian alcohol in March-April for delivery in May-July to take advantage of the cost competitive Brazilian product vis-a-vis high gasoline prices. Brazil has increased its sales of industrial alcohol to Japan and Korea. The product is reprocessed at destination for use by the distilled beverage and pharmaceutical sectors. The U.S. Government's Caribbean Basis Initiative (CBI) agreement, which exempts U.S. alcohol imports from the Caribbean from payment of the US$0.54 per gallon import tariff, has also encouraged Brazilian alcohol exports to that region. Sweden and the Netherlands remain other important destinations of the Brazilian product.

Brazilian Alcohol Exports by Country of Destination
(NCM 2207.10.00, MT 000 Liters, US$ FOB)

	MY 2003/04			MY 2003/04 1/			MY 2004/05 1/		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
South Korea	60,993	75,458	15,534	2,957	3,659	819	230,805	285,544	53,213
Japan	17,458	21,599	3,625	0	0	0	176,139	217,913	40,402
Sweden	119,408	147,727	31,092	0	0	0	83,587	103,410	20,221
Netherlands	79,498	98,352	16,289	34,931	43,216	6,917	56,453	69,842	14,202
Nigeria	80,008	98,982	23,589	15,168	18,765	4,468	49,724	61,517	15,505
Jamaica	115,749	143,200	30,556	20,899	25,855	5,707	44,806	55,433	10,279
U.S.A.	49,938	61,781	10,764	0	0	0	25,109	31,064	6,156
Mexico	76,940	95,188	20,737	11,261	13,932	3,082	22,594	27,952	5,710
Costa Rica	43,466	53,775	11,407	9,443	11,683	2,696	19,719	24,395	4,916
Ghana	62,394	77,191	17,733	11,658	14,423	3,561	16,440	20,338	4,679
Others	112,748	139,488	34,172	10,962	13,562	3,823	22,757	28,155	6,954
Total	818,599	1,012,742	215,497	117,280	145,095	31,074	748,134	925,564	182,237

Source : Brazilian Foreign Trade Secretariat (SECEX)
Note : Numbers may not add to rounding, 1 liter = 0.8083 Kg 1/May-August

Brazilian Alcohol Exports by Country os Destination
(NCM 2207.20.10, MT, 000 Liters, US$ 000 FOB)

	MY 2003/04			MY 2003/04 1/			MY 2004/05 1/		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
Netherlands	7,049	8,721	1,464	0	0	0	28,819	35,653	6,922
Sweden	4,902	6,064	1,570	0	0	0	15,281	18,905	4,458
India	5,237	6,479	1,297	0	0	0	12,198	15,091	2,891
Nigeria	14,494	17,932	3,909	0	0	0	9,258	11,453	2,355
Belgium	0	0	0	0	0	0	3,143	3,888	840
Finland	0	0	0	0	0	0	1,898	2,348	624
Venezuela	0	0	0	0	0	0	1,600	1,980	516
Japan	0	0	0	0	0	0	1,097	1,357	327
Argentina	146	180	83	48	59	27	74	92	42
South Africa	122	150	61	0	0	0	41	50	20
Others	6,739	8,337	1,945	3,930	4,862	1,148	19	23	11
Total	38,688	47,864	10,330	3,977	4,921	1,175	73,426	90,840	19,007

Source: Brazilian Foreign Trade Secretariat (SECEX)
Note: Numbers may not add due to rounding, 1 liter=0.8083 kg. 1/May-Aug.

Stocks

ATO/Sao Paulo estimates ending stocks for MY 2004/05 at 1.26 mmt, raw value, similar to MY 2003/04 revised ending stocks (1.29 mmt).

Policy

In September 2004, the World Trade Organization (WTO) in their ruling in a dispute brought by Brazil, Australia and Thailand against the European Union's sugar export regime, (see BR3015 for specific details), reiterated an initial verdict of early August that the EU had exceeded limits on the export of subsidized sugar. The EU, which is already reviewing its sugar regime indicated that it would appeal the ruling. Sometime in 2005, the case will be finalized, the appeal judged. If it loses its appeal, the EU must reform its policy as it has begun or face sanctions from those bringing the complaint.

UNICA expects Brazilian exports to increase by US$ 700 million per year by 2006 with an increment of 2 million tons in Brazilian sugar exports. Brazil and Thailand should be the biggest beneficiaries of a reduction in EU sugar exports. A 4 million ton increase in refined sugar exports can be expected from Brazilian producers in the course of the decade.

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)

Month	2000	2001	2002	2003	2004
January	1.80	1.97	2.42	3.53	2.94
February	1.77	2.04	2.35	3.56	2.91
March	1.75	2.16	2.32	3.35	2.91
April	1.81	2.22	2.36	2.89	2.94
May	1.82	2.36	2.52	2.97	3.13
June	1.80	2.30	2.84	2.87	3.11
July	1.78	2.43	3.43	2.97	3.03
August	1.82	2.55	3.02	2.97	2.93
September	1.84	2.67	3.89	2.92	2.86
October	1.91	2.71	3.65	2.86	--
November	1.98	2.53	3.59	2.95	--
December	1.96	2.32	3.53	2.89	--

Source: Gazeta Mercantil.